



# भारत का राजपत्र

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इस भाग में भिन्न पाठ संख्या की जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके।  
Separate paging is given to this Part in order that it may be filed  
as a separate compilation.

### LOK SABHA

The following Bills were introduced in Lok Sabha on 16th September, 1991:—

BILL NO. 159 OF 1991

*A Bill further to amend the Constitution of India.*

Be it enacted by Parliament in the Forty-second Year of the Republic of India as follows:—

1. (1) This Act may be called the Constitution (Seventy-third Amendment) Act, 1991.
2. It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.
3. After Part IX of the Constitution, the following Part shall be inserted, namely:—

Short title  
and com-  
mence-  
ment.

Insertion  
of new  
Part IXA.

### PART IXA

#### THE MUNICIPALITIES

243P. In this Part, unless the context otherwise requires,—

Definitions.

- (a) "Committee" means a Committee constituted under article 243S;
- (b) "Municipal area" means the territorial area of a Municipality;
- (c) "Municipality" means an institution (by whatever name called) of self-government constituted under article 243Q;

(d) "population" means the population as ascertained at the last preceding census of which the relevant figures have been published.

Constitu-  
tion of  
Municipali-  
ties.

243Q. (1) There shall be constituted in every State—

(a) a Nagar Panchayat (by whatever name called) for a transitional area, that is to say, an area in transition from a rural area to an urban area;

(b) a Municipal Council for a smaller urban area; and

(c) a Municipal Corporation for a larger urban area,

in accordance with the provisions of this Part.

(2) In this article, "a transitional area", "a smaller urban area" or "a larger urban area" means such area as the Government of a State may, having regard to the population of the area, the density of the population therein, the revenue generated for local administration, the percentage of employment in non-agricultural activities, the economic importance or such other factors as it may deem fit, specify by public notification for the purposes of this Part.

Composi-  
tion of  
Municipali-  
ties.

243R. (1) Subject to the provisions of this Part, the Legislature of a State may, by law, make provision with respect to the composition of Municipalities.

(2) Save as provided in clauses (3) and (4), all the seats in a Municipality shall be filled by persons chosen by direct election from territorial constituencies in the Municipal area and for this purpose each Municipal area shall be divided into territorial constituencies to be known as wards.

(3) The Legislature of a State may, by law, provide for the representation, in a Municipality, of the Chairpersons of Committees constituted at the ward or other level or levels under article 243S in such manner and subject to such conditions as may be specified in such law.

(4) The Legislature of a State may, by law, provide for the representation in a Municipality of persons having special knowledge or experience of Municipal administration in such manner and subject to such conditions as may be specified in such law:

Provided that such persons shall not have the right to vote in the meetings of the Municipality.

(5) The Chairperson of a Municipality shall be chosen by election in such manner as the Legislature of a State may, by law, provide.

Constitu-  
tion and  
composi-  
tion of  
Committees  
at ward  
level or  
other  
levels.

243S. The Legislature of a State may, by law, provide for the constitution of Committees at the ward level or other level or levels within the territorial area of a Municipality and such law may contain provisions with respect to—

(a) the composition and the territorial area of such Committees;

(b) the manner in which the seats in such Committees shall be filled;

(c) the powers and functions of the Municipality which may be delegated to such Committees;

(d) the manner in which the Chairpersons of such Committees shall be elected.

243T. The provisions of articles 243D [except the provisos to clause (4)], 243E [except clause (3)], 243F, 243H 243-I, 243K, 243L, 243N and 243-O shall, so far as may be, apply in relation to Municipalities as they apply in relation to Panchayats.

Application of certain articles of Part IX to Municipalities.

243U. (1) The accounts of the Municipal Corporations constituted under article 243Q shall be kept in such form as the Governor may, on the advice of the Comptroller and Auditor-General of India, prescribe.

(2) The Comptroller and Auditor-General of India shall cause the accounts of the said Municipal Corporations to be audited in such manner as he may deem fit and the reports of the Comptroller and Auditor-General shall be submitted to the Governor of the State, who shall cause them to be laid before the Legislature of the State and before the Municipal Corporation concerned.

243V. Subject to the provisions of this Constitution, the Legislature of a State may, by law, endow—

(a) the Municipalities with such powers and authority as may be necessary to enable them to function as institutions of self-government and such law may contain provisions for the devolution of powers and responsibilities upon Municipalities, subject to such conditions as may be specified therein, with respect to—

(i) the preparation of plans for economic development and social justice;

(ii) the performance of functions and the implementation of schemes as may be entrusted to them including those in relation to the matters listed in the Twelfth Schedule;

(b) the Committees with such powers and authority as may be necessary to enable them to carry out the responsibilities conferred upon them including those in relation to the matters listed in the Twelfth Schedule

243W. (1) Nothing in this Part shall apply to the Scheduled Areas referred to in clause (1), and the tribal areas referred to in clause (2), of article 244.

Form of accounts of Municipal Corporations and audit of accounts of such Corporations.

Powers, authority and responsibilities of Municipalities, etc.

Part not to apply to certain areas.

(2) Notwithstanding anything in this Constitution, Parliament may, by law, extend the provisions of this Part to the Scheduled Areas and the tribal areas referred to in clause (1) subject to such exceptions and modifications as may be specified in such law, and no such law shall be deemed to be an amendment of this Constitution for the purposes of article 368.

Addition  
of Twelfth  
Schedule.

3. After the Eleventh Schedule, the following Schedule shall be added, namely:—

**“TWELFTH SCHEDULE**

(Article 243V)

1. Urban planning including town planning.
2. Regulation of land-use and construction of buildings.
3. Planning for economic and social development.
4. Roads and bridges.
5. Water supply for domestic, industrial and commercial purposes.
6. Public health, sanitation, conservancy and solid waste management.
7. Fire services.
8. Urban forestry and promotion of ecological aspects.
9. Safeguarding the interests of weaker sections of society, including the handicapped and mentally retarded.
10. Slum improvement and upgradation.
11. Urban poverty alleviation.
12. Provision of urban amenities and facilities such as parks, gardens, playgrounds.
13. Promotion of cultural, educational and aesthetic aspects.
14. Burials and burial grounds; cremations and cremation grounds.
15. Cattle pounds; prevention of cruelty to animals.
16. Vital statistics including registration of births and deaths.”

## STATEMENT OF OBJECTS AND REASONS

In many States local bodies have become weak and ineffective on account of a variety of reasons, including the failure to hold regular elections, prolonged supersessions and inadequate devolution of powers and functions. As a result, Urban Local Bodies are not able to perform effectively as vibrant democratic units of self-government.

2. Having regard to these inadequacies, it is considered necessary that provisions relating to Urban Local Bodies are incorporated in the Constitution particularly for—

- (i) putting on a firmer footing the relationship between the State Government and the Urban Local Bodies with respect to—
  - (a) the functions and taxation powers; and
  - (b) arrangements for revenue sharing;
- (ii) ensuring regular conduct of elections;
- (iii) ensuring timely elections in the case of supersession; and
- (iv) providing adequate representation for the weaker sections like Scheduled Castes, Scheduled Tribes and women.

3. Accordingly, it is proposed to add a new Part relating to the Urban Local Bodies in the Constitution to provide for—

(a) constitution of three types of Municipalities:

- (i) Nagar Panchayats for areas in transition from a rural area to urban area;
- (ii) Municipal Councils for smaller urban areas;
- (iii) Municipal Corporations for larger urban areas.

The broad criteria for specifying the said areas is being provided in the proposed article 243Q;

(b) composition of Municipalities, which will be decided by the Legislature of a State, having the following features :

- (i) persons to be chosen by direct election;
- (ii) representation of Chairpersons of Committees, if any, at ward or other levels in the Municipalities;
- (iii) representation of persons having special knowledge or experience of Municipal Administration in Municipalities (without voting rights);

(c) election of Chairpersons of a Municipality in the manner specified in the State law;

(d) constitution of Committees at ward level or other level or levels within the territorial area of a Municipality as may be provided in the State law;

(e) reservation of seats in every Municipality—

- (i) for Scheduled Castes and Scheduled Tribes in proportion to their population of which not less than one-third shall be for women;

(ii) for women which shall not less than one-third of the total number of seats;

(iii) in favour of backward class of citizens if so provided by the Legislature of the State;

(iv) for Scheduled Castes, Scheduled Tribes and women in the office of Chairpersons as may be specified in the State law;

(f) fixed tenure of 5 years for the Municipality and re-election within six months of end of tenure. If a Municipality is dissolved before expiration of its duration, elections to be held within a period of six months of its dissolution;

(g) devolution by the State Legislature of powers and responsibilities upon the Municipalities with respect to preparation of plans for economic development and social justice, and for the implementation of development schemes as may be required to enable them to function as institutions of self-government;

(h) levy of taxes and duties by Municipalities, assigning of such taxes and duties to Municipalities by State Governments and for making grants-in-aid by the State to the Municipalities as may be provided in the State law;

(i) a Finance Commission to review the finances of the Municipalities and to recommend principles for—

(1) determining the taxes which may be assigned to the Municipalities;

(2) sharing of taxes between the State and Municipalities;

(3) grants-in-aid to the Municipalities from the Consolidated Fund of the State;

(j) audit of accounts of the Municipal Corporations by the Comptroller and Auditor-General of India and laying of reports before the Legislature of the State and the Municipal Corporation concerned;

(k) making of law by a State Legislature with respect to elections to the Municipalities to be conducted under the superintendence, direction and control of the chief electoral officer of the State;

(l) application of the provisions of the Bill to any Union territory or part thereof with such modifications as may be specified by the President;

(m) exempting Scheduled areas referred to in clause (1), and tribal areas referred to in clause (2), of article 244, from the application of the provisions of the Bill. Extension of provisions of the Bill to such areas may be done by Parliament by law;

(n) disqualifications for membership of a Municipality;

(o) bar of jurisdiction of Courts in matters relating to elections to the Municipalities.

**4. The Bill seeks to achieve the aforesaid objectives.**

**SHEILA KAUL**

NEW DELHI;

*The 11th September, 1991.*

### FINANCIAL MEMORANDUM

Clause 2 of the Bill seeks to insert a new Part **IXA** in the Constitution consisting of articles 243P to 243W.

2. Article 243V read with article 243T of the Bill envisages that the Legislature of a State may confer such powers and authority (including the power to levy, collect and appropriate taxes, duties, tolls and fees) on the Municipalities as may be required to enable them to function as institutions of self-government. The strengthening of Municipalities as envisaged may call for the strengthening of the administrative capabilities of these Municipalities in the States. Article 243U of the Bill envisages that the accounts of the Municipal Corporations shall be kept in such form as may be prescribed by the Governor on the advice of the Comptroller and Auditor-General of India and shall be audited by the Comptroller and Auditor-General of India. As article 243T of the Bill makes its provisions applicable to the Union territories, the expenditure which may have to be incurred in relation to the Union territories, will have to be met by the Government of India out of its Consolidated Fund. Some expenditure may have to be incurred on strengthening the office of Comptroller and Auditor-General to enable him to discharge the responsibility of audit of the Municipal Corporations. It is, however, difficult to estimate the annual recurring expenditure at this stage.

3. The Bill, when enacted, will not involve any other recurring or non-recurring expenditure.

## BILL No. 158 OF 1991

*A Bill further to amend the Constitution of India.*

Be it enacted by Parliament in the Forty-second Year of the Republic of India as follows:—

**Short title and commencement.**

1. (1) This Act may be called the Constitution (Seventy-second Amendment) Act, 1991.
- (2) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.

**Insertion of new Part IX.**

2. After Part VIII of the Constitution the following Part shall be inserted, namely:—

### **PART IX**

#### **THE PANCHAYATS**

**Definitions.**

243. In this Part, unless the context otherwise requires,—

(a) “district” means a revenue district in a State;

(b) “intermediate level” means a level between the village and district levels specified by the Governor of a State by public notification to be the intermediate level for the purposes of this Part;

(c) “Panchayat” means an institution (by whatever name called) of self-government constituted under article 243B, for the rural areas;

(d) “Panchayat area” means the territorial area of a Panchayat;

(e) "population" means the population as ascertained at the last preceding census of which the relevant figures have been published;

(f) "village" means a village specified by the Governor by public notification to be a village for the purposes of this Part and includes a group of villages so specified.

243A. (1) A Gram Sabha may exercise such powers at the village level as the Legislature of a State may, by law, provide.

Gram  
Sabha.

(2) In this article. "Gram Sabha" means a body consisting of persons registered in the electoral rolls relating to a village comprised within the area of Panchayat at the village level.

243B. (1) There shall be constituted in every State, Panchayats at the village level in accordance with the provisions of this Part.

Constitu-  
tion of  
Pan-  
chayats.

(2) The Legislature of a State may, by law, provide for the constitution of Panchayats at the intermediate level or the district level or both in accordance with the provisions of this Part.

243C. (1) Subject to the provisions of this Part, the Legislature of a State may, by law, make provisions with respect to the composition of Panchayats:

Composi-  
tion of  
Pan-  
chayats.

Provided that the ratio between the population of the territorial area of a Panchayat at any level and the number of seats in such Panchayat to be filled by election shall, so far as practicable, be the same throughout the State.

(2) All the seats in a Panchayat at the village level and intermediate level, if any, shall be filled by persons chosen by direct election from territorial constituencies in the Panchayat area and, for this purpose, each Panchayat area shall be divided into territorial constituencies in such manner that the ratio between the population of each constituency and the number of seats allotted to it shall, so far as practicable, be the same throughout the Panchayat area.

(3) The seats in a Panchayat at the district level, if any, shall be filled by election in such manner as the Legislature of a State may, by law, provide.

(4) The Legislature of a State may, by law, provide for the representation, in such manner and subject to such conditions as may be specified in such law,--

(a) of the Chairpersons of the Panchayats at the village level in the Panchayats at the intermediate level, or, in the case of a State not having Panchayats at the intermediate level, in the Panchayats at the district level;

(b) of the Chairpersons of the Panchayats at the intermediate level, if any, in the Panchayats at the district level, if any;

(c) of the members of the House of the People and the members of the Legislative Assembly of the State representing constituencies which comprise wholly or partly a Panchayat area at a level other than the village level, in such Panchayat.

(5) The Chairperson of a Panchayat at the village level or intermediate level, if any, and other members of such Panchayat chosen by direct election from territorial constituencies in the Panchayat area shall alone have the right to vote in the meetings of the Panchayat.

(6) The Chairperson of a Panchayat at the district level, if any, and other elected members of such Panchayat shall alone have the right to vote in the meetings of the Panchayat.

(7) The Chairperson of—

(a) a Panchayat at the village level or intermediate level, if any, shall be chosen by direct election; and

(b) a Panchayat at the district level, if any, shall be chosen by election in such manner as the Legislature of the State may, by law, provide.

Reserva-  
tion of  
seats.

243D. (1) Seats shall be reserved for the Scheduled Castes and the Scheduled Tribes in every Panchayat and the number of seats so reserved shall bear, as nearly as may be, the same proportion to the total number of seats to be filled by direct election in that Panchayat as the population of the Scheduled Castes in that Panchayat area or of the Scheduled Tribes in that Panchayat area bears to the total population of that area and such seats shall be allotted by rotation to different constituencies in a Panchayat.

(2) Not less than one-third of the total number of seats reserved under clause (1) shall be reserved for women belonging to the Scheduled Castes or, as the case may be the Scheduled Tribes.

(3) Not less than one-third (including the number of seats reserved for women belonging to the Scheduled Castes and the Scheduled Tribes) of the total number of seats to be filled by direct election in every Panchayat shall be reserved for women and allotted by rotation to different constituencies in a Panchayat.

(4) The office of Chairpersons in the Panchayats at the village or any other level shall be reserved for the Scheduled Castes, the Scheduled Tribes and women in such manner as the Legislature of a State may, by law, provide:

Provided that the number of offices of Chairpersons reserved for the Scheduled Castes and the Scheduled Tribes in the Panchayats at each level in any State shall bear, as nearly as may be, the same proportion to the total number of such offices in the Panchayats at each level as the population of the Scheduled Castes in the State or of the Scheduled Tribes in the State bears to the total population of the State:

Provided further that not less than one-third of the total number of offices of Chairpersons in the Panchayats at each level shall be reserved for women:

Provided also that the number of seats reserved under this clause shall be allotted by rotation to different Panchayats at each level.

(5) The reservation of seats under clause (1) and (2) and the reservation of office of Chairpersons (other than the reservation for women) under clause (4) shall cease to have effect on the expiration of the period specified in article 334.

(6) Nothing in this Part shall prevent the Legislature of a State from making any provision for reservation of seats in any Panchayat or office of Chairpersons in the Panchayats at any level in favour of backward class of citizens.

243E. (1) Every Panchayat, unless sooner dissolved under any law for the time being in force, shall continue for five years from the date appointed for its first meeting and no longer and the expiration of the said period of five years shall operate as a dissolution of that Panchayat.

(2) Where a Panchayat is dissolved before the expiration of its duration, an election to constitute the Panchayat shall be completed, as soon as may be, and in any case before the expiration of a period of six months from the date of such dissolution:

Provided that where the remainder of the period for which the dissolved Panchayat would have continued is less than six months, it shall not be necessary to hold any election under this clause for constituting the Panchayat.

(3) A Panchayat constituted upon the dissolution of a Panchayat before the expiration of its duration shall continue only for the remainder of the period for which the dissolved Panchayat would have continued under clause (1) had it not been so dissolved.

243F. (1) A person shall be disqualified for being chosen as, and for being, a member of a Panchayat—

(a) if he holds any office of profit under the Government of India or the Government of any State or a Panchayat, other than an office declared by the Legislature of the State, by law, not to disqualify its holder;

(b) if he is of unsound mind and stands so declared by a competent court;

(c) if he is an undischarged insolvent;

(d) if he is not a citizen of India, or has voluntarily acquired the citizenship of a foreign State, or is under any acknowledgment of allegiance or adherence to a foreign State,

(e) if he is so disqualified by or under any law for the time being in force for the purposes of elections to the Legislature of the State concerned;

(f) if he is so disqualified by or under any law made by the Legislature of the State.

(2) If any question arises as to whether a member of a Panchayat has become subject to any of the disqualifications mentioned in clause (1), the question shall be referred for the decision of the Governor and his decision shall be final.

Duration  
of Pan-  
chayats,  
etc.

Disquali-  
fication  
for  
member-  
ship.

Powers,  
authority  
and  
responsi-  
bilities of  
Pan-  
chayats.

243G. Subject to the provisions of this Constitution, the Legislature of a State may, by law, endow the Panchayats with such powers and authority as may be necessary to enable them to function as institutions of self-government and such law may contain provisions for the devolution of powers and responsibilities upon Panchayats at the appropriate level, subject to such conditions as may be specified therein, with respect to—

(a) the preparation of plans for economic development and social justice;

(b) the implementation of schemes for economic development and social justice as may be entrusted to them including those in relation to the matters listed in the Eleventh Schedule.

Power to  
impose  
taxes by,  
and  
Funds of,  
the Pan-  
chayats.

243H. The Legislature of a State may, by law,—

(a) authorise a Panchayat to levy, collect and appropriate such taxes, duties, tolls and fees in accordance with such procedure and subject to such limits;

(b) assign to a Panchayat such taxes, duties, tolls and fees levied and collected by the State Government for such purposes and subject to such conditions and limits;

(c) provide for making such grants-in-aid to the Panchayats from the Consolidated Fund of the State; and

(d) provided for constitution of such Funds for crediting all moneys received respectively, by or on behalf of the Panchayats and also for the withdrawal of such moneys therefrom, as may be specified in the law.

Consti-  
tution  
of Fin-  
ance Com-  
mission  
to re-  
view  
financial  
position.

243-I (1) The Governor of a State shall, as soon as may be within one year from the commencement of the Constitution (Seventy-second Amendment) Act, 1991, and thereafter at the expiration of every fifth year, constitute a Finance Commission to review the financial position of the Panchayats and to make recommendations to the Governor as to—

(a) the principles which should govern—

(i) the distribution between the State and the Panchayats of the net proceeds of the taxes, duties, tolls and fees leviable by the State, which may be divided between them under this part and the allocation between the Panchayats at all levels of their respective shares of such proceeds;

(ii) the determination of the taxes, duties, tolls and fees which may be assigned to, or appropriated by, the Panchayats;

(iii) the grants-in-aid to the Panchayats from the Consolidated Fund of the State;

(b) any other matter referred to the Finance Commission by the Governor in the interests of sound finance of the Panchayats.

(2) The Legislature of a State may, by law, provide for the composition of the Commission, the qualifications which shall be requisite for appointment as members thereof and the manner in which they shall be selected.

(3) The Commission shall determine their procedure and shall have such powers in the performance of their functions as the Legislature of the State may, by law, confer on them.

(4) The Governor shall cause every recommendation made by the Commission under this article together with an explanatory memorandum as to the action taken thereon to be laid before the Legislature of the State.

243J. The Legislature of a State may, by law, make provisions with respect to the maintenance of accounts by the Panchayats and the auditing of such accounts.

Audit of accounts of Panchayats.

243K. Subject to the provisions of this Constitution, the Legislature of a State may, by law, make provision with respect to all matters relating to, or in connection with, elections to the Panchayats under the superintendence, direction and control of the Chief electoral officer of the State.

Powers of Legislature of a State to make provisions with respect to elections to Panchayats.

243L. (1) The provisions of this Part shall apply to the Union territories and shall, in their application to a Union territory, have effect as if the references to the Governor of a State were references to the Administrator of the Union territory appointed under article 239 and references to the Legislature or the Legislative Assembly of a State were references, in relation to a Union territory having a Legislative Assembly, to that Legislative Assembly.

Application to Union territories.

(2) Notwithstanding anything in clause (1), the President may, by public notification, direct that the provisions of this Part shall not apply to any Union territory or any part thereof or shall apply to any Union territory or part thereof subject to such exceptions and modifications as he may specify in the notification.

243M. (1) Nothing in this Part shall apply to the Scheduled Areas referred to in clause (1), and the tribal areas referred to in clause (2), of article 244.

Part not to apply to certain areas.

(2) Nothing in this Part shall apply to—

(a) the States of Nagaland, Meghalaya and Mizoram;

(b) the Hill Areas in the State of Manipur for which District Councils exist, and the Hill Areas of the District of Darjeeling in the State of West Bengal for which the Darjeeling Gorkha Hill Council exists, under any law for the time being in force.

## (3) Notwithstanding anything in this Constitution,—

(a) the Legislature of a State referred to in sub-clause (a) of clause (2) may, by law, extend this Part to that State, except the areas, if any, referred to in clause (1), if the Legislative Assembly of that State passes a resolution to that effect by a majority of the total membership of that House and by a majority of not less than two-thirds of the members of that House present and voting;

(b) Parliament may, by law, extend the provisions of this Part to the Scheduled Areas and the tribal areas referred to in clause (1) subject to such exceptions and modifications as may be specified in such law, and no such law shall be deemed to be an amendment of this Constitution for the purposes of article 368.

Continu-  
ance  
of exist-  
ing laws  
and Pan-  
chayats.

243N. Notwithstanding anything in this Part, any provision of any law relating to Panchayats in force in a State immediately before the commencement of the Constitution (Seventy-second Amendment) Act, 1991, which is inconsistent with the provisions of this Part, shall continue to be in force until amended or repealed by a competent Legislature or other competent authority or until the expiration of one year from such commencement or until the expiration of the longest duration of the Panchayats, at any level, existing in that State immediately before such commencement, whichever is later:

Provided that all the Panchayats existing immediately before such commencement shall continue till the expiration of their duration, unless sooner dissolved by a resolution passed to that effect by the Legislative Assembly of that State or, in the case of a State having a Legislative Council by each House of the Legislature of that State.

Bar to  
interfe-  
rence  
by courts  
in electo-  
ral mat-  
ters.

## 243O. Notwithstanding anything in this Constitution,—

(a) the validity of any law relating to the delimitation of constituencies or the allotment of seats to such constituencies, made or purporting to be made under article 243K, shall not be called in question in any court;

(b) no election to any Panchayat shall be called in question except by an election petition presented to such authority and in such manner as may be provided for by or under any law made by the Legislature of a State.

Addition of  
Eleventh  
Schedule.

## 3. After the Tenth Schedule to the Constitution, the following Schedule shall be added, namely:—

## “ELEVENTH SCHEDULE

(Article 243G)

1. Agriculture, including agricultural extension.
2. Land improvement and soil conservation.
3. Minor irrigation, water management and watershed development.

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4. Animal husbandry, dairying and poultry.
5. Fisheries
6. Social forestry and farm forestry.
7. Minor forest produce.
8. Small scale industries, including food processing industries.
9. Khadi, village and cottage industries.
10. Rural housing.
11. Drinking water
12. Fuel and fodder.
13. Roads, culverts, bridges, ferries, waterways and other means of communication.
14. Rural electrification, including distribution of electricity.
15. Non-conventional energy sources.
16. Poverty alleviation programmes.
17. Education, including primary and secondary schools.
18. Technical training and vocational education.
19. Adult and non-formal education.
20. Libraries.
21. Cultural activities.
22. Markets and fairs.
23. Health and sanitation, including hospitals, primary health centres and dispensaries.
24. Family welfare.
25. Women and child development.
26. Social welfare, including welfare of the handicapped and mentally retarded.
27. Welfare of the weaker sections, and in particular, of the Scheduled Castes and the Scheduled Tribes.
28. Public distribution system.
29. Maintenance of community assets."

## STATEMENT OF OBJECTS AND REASONS

Though the Panchayati Raj institutions have been in existence for a long time, it has been observed that these institutions have not been able to acquire the status and dignity of viable and responsive people's bodies due to a number of reasons including absence of regular elections, prolonged supersessions, insufficient representation of weaker sections like Scheduled Castes, Scheduled Tribes and women, inadequate devolution of powers and lack of financial resources.

2. Article 40 of the Constitution which enshrines one of the Directive Principles of State Policy lays down that the State shall take steps to organise village panchayats and endow them with such powers and authority as may be necessary to enable them to function as units of self-government. in the light of the experience in the last forty years and in view of the short-comings which have been observed, it is considered that there is an imperative need to enshrine in the Constitution certain basic and essential features of Panchayati Raj Institutions to impart certainty, continuity and strength to them.

3. Accordingly, it is proposed to add a new Part relating to Panchayats in the Constitution to provide for, among other things, Gram Sabha in a village or group of villages; constitution of Panchayats at village and other intermediate levels; direct elections to all seats in Panchayats at the village and intermediate level, if any, and to the offices of Chairpersons of Panchayats at such levels; reservation of seats for the Scheduled Castes and Scheduled Tribes in proportion to their population for membership of Panchayats and office of Chairpersons in Panchayats at each level; reservation of not less than one-third of the seats for women; fixing tenure of 5 years for Panchayats and holding elections within a period of 6 months in the event of supersession of any Panchayat; disqualification for membership of Panchayats; devolution by the State Legislature of powers and responsibilities upon the Panchayats with respect to the preparation of plans for economic development and social justice and for the implementation of development schemes; sound finance of the Panchayats by securing authorisation from State Legislatures for grants-in-aid to the Panchayats from the Consolidated Fund of the State, as also assignment to, or appropriation by, the Panchayats of the revenues of designated taxes, duties, tolls and fees; setting up of a Finance Commission within one year of the proposed amendment and thereafter every 5 years to review the financial position of Panchayats; auditing of accounts of the Panchayats; powers of State Legislatures to make provisions with respect to elections to Panchayats under the superintendence, direction and control of the chief electoral officer of the State; application of the provisions of the said Part to Union territories; excluding certain States and areas from the application of the provisions of the said Part; continuance of existing laws and Panchayats until one year from the commencement of the proposed amendment and barring interference by courts in electoral matters relating to Panchayats.

4. The Bill seeks to achieve the aforesaid objectives.

NEW DELHI,

G. VENKAT SWAMY

The 10th September, 1991.

## FINANCIAL MEMORANDUM

Clause 2 of the Bill seeks to insert a new Part IX in the Constitution consisting of articles 243 to 243-O.

2. Articles 243G and 243H of the Bill envisage that the Legislature of a State may confer such powers and authority (including the power to levy, collect and appropriate taxes, duties, tolls and fees) on the Panchayats as may be required to enable them to function as institutions of self-government. Article 243-I requires the constitution of the Finance Commission by the States to review the financial position of Panchayats and recommend principles governing distribution of taxes and grants-in-aid. The strengthening of Panchayats as envisaged may call for the strengthening of their administrative capabilities and training requirements. As article 243L of the Bill makes its provisions applicable to the Union territories, the expenditure which may have to be incurred in relation to the Union territories will have to be met by the Government of India out of its Consolidated fund. It is, however, difficult to estimate the annual recurring expenditure as it will depend on the powers and authority conferred on these institutions.

3. The Bill, when enacted, will not involve any other recurring or non-recurring expenditure

K. C. RASTOGI,  
Secretary-General.

